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Bosnia-Herzegovina

Grain and Feed

Crop Update

2007

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Report Highlights:

Wheat was harvested from 60,000 hectares (ha) and yielded in around 150,000 metric tons (MT). As a regular importer of wheat, Bosnia annually imports around 350,000 MT. Corn was sown on 220,000 ha. Corn production is expected to be around 600,000 MT, which is 30% lower than an average yield because of severe drought that affected corn during July. Decreased production and a constant increase in consumption because of the developing livestock and poultry industries could result in increased corn imports from an average 130,000 MT to most likely double in 2007/2008. Due to the fact that most European countries report grain shortages, imports from the U.S. appear to be very desirable.

Includes PSD Changes: No
Includes Trade Matrix: No
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Wheat

The wheat area in 2006/2007 was approximately 60,000 hectares (ha), which is almost the same as in the previous season, with a total yield of around 150,000 metric tons (MT). Usually, the wheat area is decreasing every year because grain production is less profitable than for some other production (e.g. fruit and vegetable); however, due to increased wheat prices, an increase in wheat area of approximately 20% is likely to occur in 2007/2008.

Corn

Corn area is approximately 220,000 ha, and an expected total yield is around 600,000 MT. Yield is expected to be 30% lower than an average yield because of severe drought that affected corn during July. Decreased production and constant increases in consumption because of the developing livestock and poultry industries could result in increased corn imports from an average 130,000 MT to most likely double in 2007/2008.

Barley

Total winter barley area was 20,000 ha with a yield of 50,000 MT; therefore an additional 20,000 MT will be needed for import.

Tariffs

Currently, there are no quotas or quantitative restrictions for grain imports into the country.

The current tariff schedule includes:

	Tariff %
1001 / wheat and spelt	
1001 10 / durum	5
1001 10 00 10/ for sowing	0
1001 90/the rest	
1001 90 10 00/ for sowing	0
1001 90 99 00/ the rest	5
1003 00/barley	
1003 00 10 00/for sowing	0
1003 00 90 00/the rest	5
1003 00 90 10/for malt	5
1005/corn	
1005 10/for sowing, hybreeds	5
1005 90/the rest	10
1005 90 00 90/for feed	0

An additional 1% customs fee is applied on all imported goods.

The following countries have free trade agreements with BiH for which zero-duty tariffs apply: Croatia, Serbia and Monte Negro, FYR Macedonia, Albania, Romania, Bulgaria, Moldova, and Turkey.

Consumption

Wheat: 600,000 MT (500,000 MT industry, 65,000 MT on farm use, 35,000 MT seed)

Corn: 1,000,000 MT animal feed (industry and on farm use)

Barley: 75,000 MT animal feed (industry and on farm use)

Corn consumption has been increasing in the last several years because of the developing livestock and poultry industries.

Trade and Stocks

Due to the fact that most of European countries also announce grain shortages, Bosnian millers are considering importing grain from some other countries like the U.S.

Bosnia-Herzegovina¹ usually imports around 350,000 MT of wheat in a marketing year. More than 180,000 MT of wheat was imported in the first half of CY07 mainly from Hungary, Serbia, and Croatia. Reportedly, high global wheat prices are affecting the local milling and baking industry and bakers are raising bread prices throughout the country from 20 to 50%. The Government of the Federation of Bosnia and Herzegovina (FBiH) tried to reach an agreement with the millers and bakers association in order to keep the price at the same level, but the effort seems unsuccessful. The Federation government even offered to distribute 13,500 MT of wheat from the commodity reserves to the millers as a loan (they should return the wheat after a period of time) and in addition to suggest to the state-level government to reduce the import duty for wheat from 5% to 0%, but it wasn't good enough for local millers and bakers. An average price per ton of wheat reaches KM² 450 (US\$ 300) these days. Stocks are estimated to be around 100,000 MT.

BiH usually imports around 130,000 MT of corn in a marketing year. This year imports will be much higher because of the reduced crop that is expected due to the drought. Livestock feed shortages are already reported. Most of the imported corn comes from Hungary and Serbia. However, Serbia has banned export of major grains for the next three months effective August 3, and this will further disturb Bosnian imports and contribute to the shortage in livestock feed. An average price per ton of corn goes for more than KM 500 or US\$350. The Republika Srpska (RS) requested a loan of 5,000 MT of corn from the Serbian Government, to be paid in the next six months.

¹ Bosnia and Herzegovina (BiH) consists of two Entities, the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS), and there are two levels of government - the entity-level and the state level government. The Entities are responsible for agricultural and food issues, and there is no state-level agricultural ministry. Due to this dual governmental structure there is no common agricultural policy at the national level.

² Bosnian currency is Convertible Mark (KM); US\$1.00 = 1.50 KM